

## Message Text

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ACTION MMO-02

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INR-10 NSAE-00 COME-00 TRSE-00 /039 W  
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R 102025Z MAR 78  
FM AMEMBASSY SANTIAGO  
TO SECSTATE WASHDC 8436

C O N F I D E N T I A L SANTIAGO 1694

DEPT PASS EE POSTS AS APPROPRIATE

E.O. 11652: GDS  
TAGS: EALR ECRP ETRD CI  
SUBJECT: CERP 0002: TRADE WITH COMMUNIST COUNTRIES-UPDATE

REF: 77 SANTIAGO A-121, 77 STATE 249989

1. GOC CENTRAL BANK APPROVED IN JANUARY, 1978 SALE OF MOLYBDENUM OXIDE TO SOVIET UNION. CONTRACT FOR \$99,787 WAS CONCLUDED BY MOLYMENT S.A.
2. THIS IS FIRST APPROVAL OF EXPORT SALE TO SOVIET UNION SINCE SEPTEMBER 1973 COUP.
3. MOLYMET ALSO CONTRACTED IN JANUARY EXPORT SALE OF MOLYBDENUM OXIDE TO CZECHOSLOVAKIA IN AMOUNT OF \$293,000.
4. JANUARY EXPORT REGISTRATIONS ALSO REVEAL SALE OF FISHMEAL TO POLAND BY EMPRESA PESQUERA TARAPACA FOR \$90,000 AND TO ROMANIA FOR \$256,000.
5. STATUS OF COMECON BANK CREDITS TO GOC AS OF 12/31/77:

(DRAW DOWN IS 100 PERCENT ON ALL CREDITS)

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LENDER	TERM/ DATE	INTEREST YRS.	AMOUNT RATES	OUT- (MILL)	STANDING
CEKOBANKA, PRAG	5/16/73	10	4.5	0.1	0.1
CEKOBANKA, PRAG	5/16/73	10	3.0	0.1	0.1

BULGARIAN FT BANK 6/29/72 10 5.0 1.7 0.5

BULGARIAN FT BANK 6/2/71 14 2.5 7.2 2.2

LIBOR#

MOSCOW NARODNY BANK 1974 4.5 1.5 25.0 11.0

LIBOR&

WOZCHOD HANDELSBANK 1974 4.5 1.5 6.5 3.0

LIBOR&

OST WEST HANDELSBANK 1974 3 1.5 10.0 5.0

CONSORTIUM OF SOCIALIST BANK 1972 180 DS. 0.5 50.0 50.0

EUROBANK 1974 4.5 1.5 35.0 17.0

6. SPECIAL GOVERNMENT-TO-GOVERNMENT RENEGOTIATION AGREEMENTS COVERING DEBT REPAYMENT ARE CURRENTLY IN FORCE FOR OUTSTANDING OBLIGATIONS TO THE GDR AND ROMANIA. AT THE DIRECT CREDITOR LEVEL, AGREEMENTS HAVE BEEN REACHED WITH USSR COMMERCIAL BANKS WOZCHOD HANDELSBANK, OST WEST HANDELSBANK AND EUROBANK.

7. AS OF DECEMBER 31, 1977 NO AGREEMENTS HAD BEEN REACHED WITH REGARD TO THE ROUGHLY 24 MILLION OF DEBT DUE TO BULGARIA (INCLUDING FOREIGN TRADE BANK) AND THE USSR (INCLUDING LONDON-BASED MOSCOW NARODNY BANK) WHICH MATURED DURING THE PERIOD 1973 THROUGH 1976. THE GOC HAS OFFERED TO RESCHEDULE THESE  
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DEBTS ON A SIMILAR BASIS TO PARIS CLUB AGREEMENTS. TO DATE THE OFFER HAS NOT BEEN ACCEPTED BY EITHER BULGARIA OR THE USSR.

8. GOC CENTRAL BANK STATES RENEGOTIATION AGREEMENT WITH CZECHOSLAVAKIA AWAITING SIGNATURE.

9. COMMENT: TRADE AND PAYMENTS ACTIVITIES OVER PERIOD AUGUST, 1977 - JANUARY, 1978 INDICATE SUBSTANTIAL MOVEMENT TOWARDS REESTABLISHMENT OF COMMERCIAL (IF NOT DIPLOMATIC) RELATION WITH COMECON. GDR COMMERCIAL TRADE REPRESENTATIVE EBERHARD RIEMANN (ACCOMPANIED BY WIFE) HAVE BEEN GRANTED DE FACTO PERMISSION TO REMAIN IN CHILE AS HEAD OF DGR TRADE MISSION. EBERHARD REPLACED EUGER KRAUT WHO DEPARTED CHILE FEBRUARY 15, 1978. JOURNALISTIC AND CHRISTAIN DEMOCRATIC POLITICAL SOURCES HAVE SPECULATED ON MOTIVES OF BOTH GDR AND GOC IN MAINTAINING TRADE OFFICE. THESE SOURCES BELIEVE COMMERCIAL REPRESENTATION TO BE FORERUNNER OF EVENTUAL GDR DIPLOMATIC PRESENCE. GOC HAS OFFICIALLY DENIED SUCH INTENTIONS.

10. GOC CENTRAL BANK SOURCES INDICATES THAT APPROVAL OF EXPORT REGISTRATION SALE OF MOLYBDANUM OXIDE TO USSR IS EFFORT TO MOVE SOVIET GOVERNMENT TOWARDS (A) ACCEPTANCE OF GOC

RENEGOTIATION OFFER, RESULTING IN (B) RENEWAL OF TRADE CONTACT.  
CENTRAL BANK SOURCES BELIEVE GDR COMMERCIAL PRESENCE HAS SOME  
RESTRAINING INFLUENCE ON GDR ATTITUDE TOWARDS GOC. THESE  
SOURCES ALSO EXPRESSED THE HOPE THAT REOPENING OF COMMERCIAL  
CONTACTS MIGHT SIMILARLY MODERATE PUBLIC SOVIET HOSTILITY.  
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## Message Attributes

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